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Construction of additional conference facilities at Addis Ababa and Bangkok

Report of the Secretary-General

Summary

In accordance with General Assembly resolution 39/236, annual progress reports have been submitted on the construction projects at both Addis Ababa and Bangkok.

The construction project at Bangkok was completed in the first quarter of 1993, and no further reports will be submitted. The present report focuses on the progress of the project at Addis Ababa since the last report to the General Assembly (A/52/579). The conference facility in Addis Ababa was completed in April 1996, and the inauguration ceremony was held on 30 April 1998. Work related to the full completion of the telecommunications system is the only activity which remains outstanding. However, no additional resources are being requested beyond the level of $115,228,494 already approved for the project by the General Assembly.

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I. Introduction

1. By its resolution 39/236 of 18 December 1984, the General Assembly approved the construction of additional conference facilities at the Economic Commission for Africa (ECA) in Addis Ababa and a construction project for the expansion of the conference facilities at the Economic and Social Commission for Asia and the Pacific (ESCAP) in Bangkok.

2. In accordance with resolution 39/236, annual reports have been submitted on the progress of both construction projects. As indicated in the previous reports of the Secretary-General (A/C.5/51/37 and A/52/579), construction of the conference facilities in Bangkok was completed in the first quarter of 1993 and, in accordance with established financial procedures, the cost of the construction project at ESCAP has been capitalized and recorded under the United Nations Capital Assets Fund. On the assumption that the General Assembly approves the report submitted to it at its fifty-second session in respect of the conference facilities in Bangkok, no further reports will need to be submitted on this construction project. Therefore, the present report focuses on the progress made in the project in Addis Ababa since the last report submitted to the General Assembly (A/52/579).

II. Status of the project at Addis Ababa

A. Status of construction

3. In 1984, the General Assembly approved the construction project. Construction of the new conference facilities began on 29 April 1991. Substantial completion was achieved on 21 April 1996 and handover on 22 April 1996. The inauguration ceremony was held on 30 April 1998.

4. The 10-month defects liability period following handover ended on 22 February 1997. However, the construction contract was only deemed completed after issuance of the certificate of completion and making good defects on 2 February 1998. The final obligations under this contract relating to retention monies and a retention bond owing to the contractor were subsequently released (see para. 16). The contractor's residual obligations are those concerning warranties and guarantees of equipment, which are being monitored and administered locally by ECA.

5. The new United Nations conference centre in Addis Ababa is considered to be one of the premier facilities in the region and, since the date of handover, has been designated as the venue for a number of major conferences and smaller meetings. In addition to those conferences detailed in annex I to the report of the Secretary-General (A/52/579), a total of 49 conferences and meetings were held in the last two months of 1997, and a total of 72 meetings were held in the first six months of 1998. A selected list of these meetings is contained in the annex to the present report.

B. Status of the installation of the telecommunications system

6. The contract to install the telecommunications system was concluded with a different contractor on 30 November 1994. It involved the design, manufacture, supply and installation, integration, testing and implementation (on a turnkey basis) of a voice communications system consisting of a private automatic branch exchange (PABX), a voice and data communications cabling system, equipment and software, at an approximate cost of $3,252,550 (inclusive of a $250,000 allowance for changes). Full system cut-over was to take place within 52 weeks of the date of entry into force of the contract and final acceptance within 90 days thereafter.

7. The contractor experienced various difficulties in reaching the envisaged completion date, which included problems with the importation of equipment, non-issuance of required releases by the State Telecommunications Authority, damage to cables held in customs areas exposed to adverse climatic conditions, and the timing of the installation of the telecommunications system itself, which coincided with the refurbishment and construction works at the ECA conference centre, which were being carried out by the construction contractor.

8. Owing to the delays and other complications associated with the telecommunications project, a series of high-level meetings was held at Headquarters, both internally and with the contractor, to identify a workable solution. Attempts were made to negotiate an amendment to the contract that could facilitate completion of the contract, without the loss by any of the parties of their rights under the terms of the contract concerning, *inter alia*, liquidated damages, out-of-scope work and so forth. An engineer from Headquarters surveyed the work completed to date and reviewed the requirements, developing a reduced scope of work for installation, as measured by the number of outlets installed.

9. The contract was subsequently amended on 15 and 19 November 1996 in order, *inter alia*, to revise the scope of work by reducing the number of outlets to be installed from 2,649 to 2,252 and to extend the system cut-over date to 15 November 1996 and final acceptance to 15 December 1996 for a total revised cost of $3,002,550.

10. Unfortunately, the contract encountered further delays, and the project was not completed in accordance with the amended contract schedule. The PABX and cable network installation was completed by 31 August 1997 and the telecommunications system was offered to the United Nations for acceptance testing. During acceptance testing, minor deficiencies were identified for corrective action, to be completed by 30 November 1997.

11. However, the contractor encountered another delay. Notwithstanding the discussions between the United Nations and the host Government, the telecommunications authorities declined to give permission to clear shipped items from customs. As a result, the contractor could not correct all of the identified deficiencies. Consequently, the remaining minor deficiencies would have to be completed by the contractor during the warranty period.

12. The one-month stability performance test on the installed telephone system was completed on 24 February 1998 and the system was brought into full operation. The system is now providing telephone service to the ECA facility.

13. The telecommunications system contract allows for a warranty period of one year, effective 24 February 1998. During the warranty period, the contractor will have an expert on site to provide operational and administrative support for the upkeep of the new telecommunications system.

14. It is expected that, as a result of ongoing discussions and negotiations with the host Government, the customs problem referred to in paragraph 11 will be resolved within the one-year warranty period, thereby allowing the contractor to obtain the materials to correct the remaining deficiencies.

C. Financial aspects

15. As indicated in the report of the Secretary-General (A/52/579), the revised estimated overall project cost would amount to $115,228,494, or $7,651,594 above the appropriation of $107,576,900 approved by the Assembly. With the approval of the Assembly, the additional requirement was covered by interest earned on the construction-in-progress account and no additional appropriation was required.

16. As mentioned in the report of the Secretary General, the United Nations was holding a retention bond and monies of ECU 1.25 million and ECU 250,000, respectively, pending completion of repairs by the contractor. However, following a final site inspection conducted on 21 and 22 January 1998, it was determined and agreed that the outstanding repairs from the repair list (punch list) would be performed under the direct management of the United Nations, not the contractor, and the sum of ECU 45,000 was a fair and equitable valuation for the completion of this work. It was decided that this sum would be deducted from the ECU 250,000 and the balance released to the contractor.

17. As at 30 June 1998, total disbursements amounted to $113,031,696. All payments pertaining to the construction contract, notably to the consultants and the contractor for fees and supervision and reimbursable expenses, had been finalized and processed.

18. The remainder of the total project cost consists of payments to consultants for design and supervision, for furnishings and equipment (primarily the telephone installation) and for the administrative expenses of the Organization. It should be noted that, while the telephone installation forms part of the overall project cost, the work was carried out by an independent contractor supervised directly by the United Nations. The cost of this work did not form part of the construction contract costs (see paras. 6-14).

19. A payment scheme for the telephone system remains to be finalized. However, these costs have been factored into the overall project cost. In addition, an allowance has been made for a potential claim from the contractor for extra work and loss of time, as referred to in the previous report of the Secretary-General.

III. Conclusion

20. Despite the numerous delays and difficulties encountered during the implementation of the project in Addis Ababa, substantial completion of the new conference facilities was achieved on 21 April 1996, with the handover of the premises to the United Nations taking place the following day. Payments relating to the construction contract were finalized and processed. It is anticipated that all remaining accounts, particularly those relating to the new telecommunications system, will be finalized within the biennium 1998–1999 to enable the construction-in-progress account to be closed and the project capitalized. However,

closure of the accounts will also be contingent on the outcome of the potential claim from the contractor for the telephone system referred to in paragraph 19. No additional resources are requested by the Secretary-General for the project in Addis Ababa.

21. As the installation of the new telephone system has not been fully completed, in accordance with General Assembly resolution 39/236, progress reports will continue to be submitted to the General Assembly on the project in Addis Ababa.

22. Therefore, the General Assembly may wish to take note of the report of the Secretary-General and further note that progress reports will continue to be submitted until the project is fully completed.

Annex

Selected list of meetings held at the conference facilities at Addis Ababa, November 1997–June 1998

1997

November – Rotary International President's Conference
– Meeting of Ministerial Session of the Central Organ of the Organization of African Unity
– General Assembly of Federation of Women's Peace Networks

December – Ad-hoc Expert Group Meeting on Proposals for Standardization and Quality Control for Industrial Products in the Context of the Abuja Treaty – Development Management Division
– Extraordinary General Assembly of the United Nations Staff Savings and Credit Association
– Signing Ceremony between the Economic Commission for Africa and the Government of Japan – Cabinet Office of the Executive Secretary

1998

January – Dialogue with Development Partners – United Nations Development Programme (UNDP)
– Preparatory work on African Women and Economic Development: investing in our future – African Centre for Women

February – Ad-hoc Group of Experts on Science and Technology for Food Security – Food Security and Sustainable Development Division
– Twentieth Regional Conference of the Food and Agriculture Organization of the United Nations
– Sixty-seventh Ordinary Session of the Council of Ministers of the Organization of African Unity

March – ECA/Department of Economic and Social Affairs Conference on Governance – Development Management Division
– Addis Forum for African Trade and Investment
– United Nations agencies Information Technology Committee – Development Information Services Division

April – Workshop, Women's World Banking – United Nations Development Programme
– First meeting of ECA follow-up committee of Conference of Ministers – Programme Planning, Finance and Evaluation Division
– Conference of the African Centre for Women/fortieth anniversary

May – ECA/Global Coalition for Africa – Colloquium on the Role of the Military in Political Transition and Economic Development – Development Management Division
– National Institutions of Human Rights Protection/Human Rights Commission and the Institution of Ombudsman
– Teacher Education by Distance Learning – World Bank – Economic Development Institute

June
- Peace Meeting – Ethiopian Orthodox Church
- First Executive Dialogue of Ministers on Science and Technology
- Joint Advisory Committee